



EXECUTIVE DEPARTMENT

EXECUTIVE ORDER NO. KBB 2006 - 32

ACCOUNTABILITY FOR LINE ITEM APPROPRIATIONS

WHEREAS, the Louisiana Legislature annually appropriates sums commonly referred to as "Line Item Appropriations" to non-state entities, quasi-public entities, and private agencies and entities for public purposes;

WHEREAS, it is the responsibility of executive branch agencies to administer payments pursuant to legislative Line Item Appropriations;

WHEREAS, Article VII, Section 14 of the Louisiana Constitution of 1974 (hereafter "Art. VII, 14"), expresses the general prohibition that "the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private";

WHEREAS, Line Item Appropriations are itemized in the General Appropriation Bill (HB1) of each regular session of the Louisiana Legislature, or in supplemental appropriation bills, as items within the budgets of various executive branch agencies, or in what is commonly known as Schedule 20 of HB1; and

WHEREAS, it is in the best interest of the state of Louisiana to insure that payments pursuant to Line Item Appropriations are carefully administered to assure that funds are utilized to accomplish the anticipated public purposes and to avoid constitutionally prohibited donations;

NOW THEREFORE I, KATHLEEN BABINEAUX BLANCO, Governor of the state of Louisiana, by virtue of the authority vested by the Constitution and laws of the state of Louisiana, do hereby order and direct as follows:

SECTION 1: Line Item Appropriations require a cooperative endeavor agreement or contract between the recipient and an executive branch state agency to satisfy the provisions of Art. VII, 14. In addition to the requirements of this Order, cooperative endeavor agreements must comply with the provisions of Executive Order No. KBB 2005-14, issued on May 27, 2005.

SECTION 2: Cooperative endeavor agreements or contracts for Line Item Appropriations shall include the following information:

- A. The legal name and mailing address of the recipient entity, and, if the entity is non-public, a description of the legal status of the entity. (Any private entity required to register with the Secretary of State Office must be in good standing with that Office);
- B. The names and addresses of all officers and directors of any non-public recipient entity. Additionally, the entity shall provide the names and addresses of its executive director, chief executive officer, or other person responsible for the day-to-day operations of the entity, and the key personnel responsible for the program or functions funded through the line item appropriation;
- C. A listing of any person receiving any thing of economic value from any

recipient entity if that person is a member of the immediate family of a state elected or appointed official. The listing shall include the amount of the thing of economic value received, the position held by the immediate family member in the entity, if applicable, and the public position held by the official. (If the listing indicates any relationship which may be a possible violation of the Code of Governmental Ethics, R.S. 42:1101, *et seq.*, the state agency shall seek an opinion from the Board of Ethics as to the propriety of proceeding with the agreement.);

- D. A detailed description of the public purpose sought to be achieved through the Line Item Appropriation;
- E. A comprehensive budget, provided to the agency and the legislative auditor, showing all anticipated uses of the Line Item Appropriation, additional sources of revenue for the program or project funded by the appropriation, an estimate of the duration of the project, and a plan showing specific goals and objectives, including measures of performance;
- F. A plan to monitor compliance with the terms of the cooperative endeavor agreement authorizing the expenditure of the Line Item Appropriation, assigning a particular person within the agency to be responsible for monitoring the agreement. Written reports must be provided to the agency at least every three (3) months concerning the use of the Line Item Appropriation and the specific goals and objectives for the use of the appropriation; and
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 - 1. A certification that the entity has no outstanding audit issues or findings or that the entity is working with appropriate governmental agencies to resolve those issues or findings; and
 - 2. For those Schedule 20 Line Item Appropriations, the Division of Administration shall provide, pursuant to written agreement, staff support and technical assistance, as requested by the Office of the Treasurer, to confect and monitor cooperative endeavor agreements or contracts.

SECTION 3: Executive branch agencies are prohibited from making disbursements pursuant to Line Item Appropriations until the cooperative endeavor agreement or contract has received final approval of the Office of Contractual Review within the Division of Administration. Final approval shall not be granted unless all of the information required pursuant to Section 2 of this Order has been provided.

SECTION 4: Executive branch agencies shall monitor disbursements pursuant to Line Item Appropriations on a quarterly basis. Under circumstances such that the recipient entity has not demonstrated substantial progress towards goals and objectives, based on established measures of performance, further disbursements shall be discontinued until substantial progress is demonstrated or the entity has justified to the satisfaction of the agency reasons for the lack of progress. If the transferring agency determines that the recipient failed to use the Line Item Appropriation within the estimated duration of the project or failed to reasonably achieve its specific goals and objectives, without sufficient justification, the agency shall demand that any unexpended funds be returned to the state treasury unless approval to retain the funds is obtained from the Division of Administration and the Joint Legislative Committee on the Budget.

SECTION 5: Executive branch agencies may call upon the Office of the Legislative Auditor and/or the Office of State Inspector General to assist the agency in determining whether Line Item Appropriations are being or have been properly expended.

SECTION 6: All departments, commissions, boards, offices, entities, agencies, and officers of

the state of Louisiana, or any political subdivision thereof, are authorized and directed to cooperate in implementing the provisions of this Order.

SECTION 7: The provisions of this Order shall not be applicable to Line Item Appropriations that satisfy the criteria enumerated in Section 18(B)(2) of HB1 of the 2006 Regular Session of the Louisiana Legislature.

SECTION 8: This Order is effective upon signature and shall continue in effect until amended, modified, terminated, or rescinded by the governor, or terminated by operation of law.



IN WITNESS WHEREOF, I have set my hand officially and caused to be affixed the Great Seal of Louisiana, at the Capitol, in the city of Baton Rouge, on this 12th day of July, 2006.

/S/ Kathleen Babineux Blanco
GOVERNOR OF LOUISIANA

ATTEST BY
THE GOVERNOR

/S/ Al Ater
SECRETARY OF STATE